



AN ACT PROVIDING FOR PAY AND BENEFITS FOR STATE EMPLOYEES; INCREASING THE STATE CONTRIBUTION TO THE EMPLOYEE GROUP BENEFITS PROGRAM; REPEALING STATUTORY TEACHERS' AND BLUE-COLLAR PAY SCHEDULES; APPROPRIATING FUNDS TO IMPLEMENT PAY AND BENEFIT REVISIONS, FOR PERSONAL SERVICES CONTINGENCIES, AND FOR A LABOR-MANAGEMENT TRAINING INITIATIVE; AMENDING SECTIONS 2-18-301, 2-18-303, 2-18-304, 2-18-312, AND 2-18-703, MCA; REPEALING SECTIONS 2-18-313 AND 2-18-315, MCA; AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 2-18-301, MCA, is amended to read:

"2-18-301. Purpose and intent of part -- rules. (1) The purpose of this part is to provide the market-based compensation necessary to attract and retain competent and qualified employees in order to perform the services that the state is required to provide to its citizens.

(2) It is the intent of the legislature that compensation plans for state employees, excluding those employees excepted under 2-18-103 or 2-18-104 ~~and excluding employees compensated under 2-18-313 and 2-18-315~~, be based on an analysis of the labor market as provided by the department in a salary survey. The salary survey must be submitted to the office of budget and program planning as a part of the information required by 17-7-111.

(3) Except as provided in 2-18-110, pay adjustments and pay schedules provided for in 2-18-303 and in 2-18-312, ~~2-18-313, and 2-18-315~~ supersede any other plan or systems established through collective bargaining after the adjournment of the ~~58th~~ 59th legislature.

(4) Pay levels provided for in 2-18-312, ~~2-18-313, and 2-18-315~~ may not be increased through collective bargaining after adjournment of the ~~58th~~ 59th legislature.

(5) Total funds required to implement the pay schedules provided for in 2-18-312, ~~2-18-313, and 2-18-315~~ for any employee group or bargaining unit may not be increased through collective bargaining over the amount appropriated by the ~~58th~~ 59th legislature.

(6) The department shall administer the pay program established by the legislature on the basis of merit, internal equity, and competitiveness to external labor markets when fiscally able.

(7) The department may promulgate rules not inconsistent with the provisions of this part, collective bargaining statutes, or negotiated contracts to carry out the purposes of this part.

(8) Nothing in this part prohibits the board of regents from engaging in negotiations with the collective bargaining units representing the classified staff of the university system."

Section 2. Section 2-18-303, MCA, is amended to read:

"2-18-303. Procedures for using pay schedules. (1) The pay schedule provided in 2-18-312 must be implemented as follows:

(a) The pay schedule provided in 2-18-312 indicates the entry salary and market salary for each grade for positions classified under the provisions of part 2 of this chapter.

(b) Each employee newly hired by the state of Montana must be hired at the entry rate, except as provided in subsections ~~(6) through (9)~~ (5) through (8).

(c) On the first day of the first complete pay period in fiscal year ~~2004~~ 2006, each employee is entitled to the amount of the employee's base salary as it was on June 30, ~~2003~~ 2005.

(d) Effective on the first day of the first complete pay period that includes ~~January 1, 2005~~ an employee's anniversary date during the fiscal year ending June 30, 2006, the base salary of each employee must be increased by ~~an amount equal to 25 cents an hour or by a lesser amount so that the employee's base salary after the increase does not exceed the maximum salary of the pay grade as provided in subsection (1)(f) 3.5% or \$1,005, based upon 2,080 annual hours in a pay status, whichever is greater.~~ Effective on the first day of the first complete pay period that includes an employee's anniversary date during the fiscal year ending June 30, 2007, the base salary of each employee must be increased by 4% or \$1,188, based upon 2,080 annual hours in a pay status, whichever is greater. For employees hired on or before September 30, 2005, the anniversary date is October 1.

(e) An employee's base salary may be no less than the entry salary for the employee's assigned grade.

~~(f) The maximum salary for each grade is determined by subtracting the entry salary from the market salary and adding that amount to the market salary.~~

(2) The pay schedule provided in 2-18-312 and the provisions of ~~subsection~~ subsections (1)(a) through

~~(1)(d)~~ of this section do not apply to those ~~teachers or blue-collar occupations compensated under the pay schedules provided in 2-18-313 and 2-18-315~~ employees who are members of collective bargaining units that have collectively bargained separate classification and pay plans or employees covered under subsections (5) and (6) of this section.

~~(3) The pay schedules provided in 2-18-313 and 2-18-315 must be implemented as follows:~~

~~—— (a) (i) The pay schedules provided for in 2-18-313 indicate the annual compensation for teachers employed under the authority of the department of corrections or the department of public health and human services for fiscal years 2004 and 2005.~~

~~—— (ii) The compensation of each teacher on July 1, 2003, is the same as it was on June 30, 2003.~~

~~—— (iii) Effective on the first day of the first complete pay period that includes January 1, 2005, the base salary of each teacher employed in the department of public health and human services and the department of corrections is the amount provided for the teacher's step and education level under 2-18-313(2). This subsection (3)(a)(iii) does not provide for a step advancement.~~

~~—— (b) The pay schedules provided in 2-18-315 indicate the maximum hourly compensation for fiscal years ending June 30, 2004, and June 30, 2005, for employees in apprentice trades and crafts and other blue-collar occupations recognized in the state blue-collar classification plan who are members of units that have collectively bargained separate classification and pay plans.~~

~~—— (c) The compensation of each employee on the first day of the first pay period in each fiscal year is that amount corresponding to the grade occupied on the last day of the preceding fiscal year.~~

~~(4)(3)~~ (a) (i) If the legislature authorizes a pay increase for state employees, a member of a bargaining unit may not receive a pay increase until the employer's collective bargaining representative receives written notice that the employee's bargaining unit has ratified a completely integrated collective bargaining agreement.

~~(ii) If ratification of a completely integrated collective bargaining agreement, as required by subsection (4)(a)(i), is not completed by the date on which a legislatively authorized pay increase is implemented, retroactivity to that date may be negotiated.~~

~~(iii)(ii)~~ If ratification of a completely integrated collective bargaining agreement, as required by subsection ~~(4)(a)(i)~~ (3)(a)(i), is not completed by the date on which a legislatively authorized pay increase is implemented, members of the bargaining unit must continue to receive the compensation that they were receiving until an agreement is ratified.

(b) Methods of administration not inconsistent with the purpose of this part and necessary to properly implement the pay schedules and adjustments provided in 2-18-312, ~~2-18-313~~, ~~2-18-315~~, and this section may be provided for in collective bargaining agreements.

~~(5)~~(4) The current wage or salary of an employee may not be reduced by the implementation of the pay schedules provided for in 2-18-312, ~~2-18-313~~, and ~~2-18-315~~.

~~(6)~~(5) The department may authorize a separate pay schedule for classes of medical professionals if the rates provided in 2-18-312 are not sufficient to attract and retain fully licensed and qualified professionals.

~~(7)~~(6) (a) The department may develop and implement an alternative pay and classification plan for certain classes, occupations, and work units. Pay for employees in the alternative pay and classification plan may be established and changed based on demonstrated competencies and accomplishments, on the labor market, and on other situations defined by the department.

(b) To the extent that the plan applies to employees within a collective bargaining unit, the implementation of the plan is a negotiable subject under 39-31-305.

~~(8)~~(7) The department may develop programs that enable the department to mitigate problems associated with difficult recruitment, retention, transfer, or other exceptional circumstances. To the extent that the program applies to employees within a collective bargaining unit, it is a negotiable subject under 39-31-305.

~~(9)~~(8) The department shall review the competitiveness of the compensation provided to all occupations under this part. If the department finds that substantial problems exist with recruitment and retention because of inadequate salaries when compared to competing employers, the department may establish criteria allowing an adjustment in pay or classification to mitigate the problems. To the extent that these adjustments apply to employees within a collective bargaining unit, the implementation of these adjustments is a negotiable subject under 39-31-305."

Section 3. Section 2-18-304, MCA, is amended to read:

"2-18-304. Longevity allowance. (1) (a) In addition to the compensation provided for in 2-18-303; or 2-18-312, ~~2-18-313~~, ~~or 2-18-315~~, each employee who has completed 5 years of uninterrupted state service must receive 1.5% of the employee's base salary multiplied by the number of completed, contiguous 5-year periods of uninterrupted state service.

(b) ~~Beginning October 1, 1999, in~~ In addition to the longevity allowance provided under subsection

(1)(a), each employee who has completed 15 years of uninterrupted state service or completed 20 years of uninterrupted state service must receive an additional 0.5% of the employee's base salary for each of those additional 5 years of uninterrupted service.

(c) Service to the state is not interrupted by authorized leaves of absence.

(2) (a) For the purpose of determining years of service under this section, an employee must be credited with 1 year of service for each period of:

(i) 2,080 hours of service following the employee's date of employment; an employee must be credited with 80 hours of service for each biweekly pay period in which the employee is in a pay status or on an authorized leave of absence without pay, regardless of the number of hours of service in the pay period; or

(ii) 12 uninterrupted calendar months following the employee's date of employment in which the employee was in a pay status or on an authorized leave of absence without pay, regardless of the number of hours of service in any month. An employee of a school at a state institution or the university system must be credited with 1 year of service if the employee is employed for an entire academic year.

(b) State agencies, other than the university system and a school at a state institution, shall use the method provided in subsection (2)(a)(i) to calculate years of service under this section.

(3) For the purposes of calculating longevity, employment as a short-term worker does not apply toward years of service."

Section 4. Section 2-18-312, MCA, is amended to read:

"2-18-312. Statewide pay schedule. (1) The statewide classification pay schedule for the period beginning on the first day of the first full pay period in fiscal year ~~2004~~ 2006 is as follows:

Annual Hours -- 2080

Note: Does Not Include Insurance

Pay Matrix -- State

Matrix Type -- Annual

Pay Range: Entry Salary to Market Salary

GRADE	ENTRY SALARY	MARKET SALARY	<u>MAXIMUM SALARY</u>
1	9,703	11,415	<u>13,128</u>
2	10,452	12,324	<u>14,196</u>
3	11,257	13,308	<u>15,358</u>
4	12,131	14,375	<u>16,619</u>

5	13,110	15,569	<u>18,028</u>
6	14,237	16,950	<u>19,664</u>
7	15,456	18,442	<u>21,428</u>
8	16,837	20,136	<u>23,436</u>
9	18,320	21,967	<u>25,614</u>
10	19,968	23,999	<u>28,031</u>
11	21,773	26,231	<u>30,688</u>
12	23,779	28,716	<u>33,654</u>
13	25,966	31,436	<u>36,907</u>
14	28,397	34,459	<u>40,521</u>
15	31,085	37,816	<u>44,521</u>
16	34,089	41,577	<u>49,066</u>
17	37,459	45,795	<u>54,131</u>
18	40,990	50,232	<u>59,474</u>
19	44,946	55,215	<u>65,485</u>
20	49,363	60,819	<u>72,275</u>
21	54,264	66,993	<u>79,723</u>
22	59,741	73,936	<u>88,132</u>
23	65,919	81,788	<u>97,658</u>
24	72,860	90,622	<u>108,384</u>
25	80,538	100,419	<u>120,300</u>

(2) The statewide classification pay schedule beginning the first pay period that includes October 1, 2005, is as follows:

<u>GRADE</u>	<u>ENTRY SALARY</u>	<u>MARKET SALARY</u>	<u>MAXIMUM SALARY</u>
<u>1</u>	<u>10,042</u>	<u>12,088</u>	<u>14,133</u>
<u>2</u>	<u>10,818</u>	<u>13,010</u>	<u>15,201</u>
<u>3</u>	<u>11,651</u>	<u>14,007</u>	<u>16,363</u>
<u>4</u>	<u>12,555</u>	<u>15,090</u>	<u>17,624</u>

<u>5</u>	<u>13,569</u>	<u>16,301</u>	<u>19,033</u>
<u>6</u>	<u>14,735</u>	<u>17,702</u>	<u>20,669</u>
<u>7</u>	<u>15,997</u>	<u>19,215</u>	<u>22,433</u>
<u>8</u>	<u>17,426</u>	<u>20,934</u>	<u>24,411</u>
<u>9</u>	<u>18,961</u>	<u>22,790</u>	<u>26,619</u>
<u>10</u>	<u>20,666</u>	<u>24,851</u>	<u>29,036</u>
<u>11</u>	<u>22,535</u>	<u>27,149</u>	
			<u>31,762</u>
<u>12</u>	<u>24,611</u>	<u>29,722</u>	<u>34,832</u>
<u>13</u>		<u>32,537</u>	<u>38,199</u>
	<u>26,874</u>		
<u>14</u>	<u>29,391</u>	<u>35,665</u>	<u>41,939</u>
<u>15</u>	<u>32,173</u>	<u>39,140</u>	<u>46,107</u>
<u>16</u>	<u>35,282</u>	<u>43,033</u>	<u>50,783</u>
<u>17</u>	<u>38,770</u>	<u>47,398</u>	<u>56,026</u>
<u>18</u>	<u>42,425</u>	<u>51,990</u>	<u>61,556</u>
<u>19</u>	<u>46,519</u>	<u>57,148</u>	<u>67,777</u>
<u>20</u>	<u>51,091</u>	<u>62,948</u>	<u>74,805</u>
<u>21</u>	<u>56,163</u>	<u>69,338</u>	<u>82,513</u>
<u>22</u>	<u>61,832</u>	<u>76,524</u>	<u>91,216</u>
<u>23</u>	<u>68,226</u>	<u>84,651</u>	<u>101,076</u>
<u>24</u>	<u>75,410</u>		<u>112,177</u>
		<u>93,793</u>	
<u>25</u>	<u>83,357</u>	<u>103,934</u>	<u>124,511</u>

(3) The statewide classification pay schedule beginning the first pay period that includes October 1, 2006, is as follows:

<u>GRADE</u>	<u>ENTRY SALARY</u>	<u>MARKET SALARY</u>	<u>MAXIMUM SALARY</u>
<u>1</u>	<u>10,444</u>	<u>12,883</u>	<u>15,321</u>
<u>2</u>	<u>11,251</u>	<u>13,820</u>	

			<u>16,389</u>
<u>3</u>	<u>12,117</u>	<u>14,834</u>	<u>17,551</u>
<u>4</u>	<u>13,057</u>	<u>15,935</u>	<u>18,812</u>
<u>5</u>	<u>14,112</u>	<u>17,166</u>	<u>20,221</u>
<u>6</u>	<u>15,325</u>	<u>18,591</u>	<u>21,857</u>
<u>7</u>	<u>16,637</u>	<u>20,129</u>	<u>23,621</u>
<u>8</u>	<u>18,123</u>	<u>21,876</u>	<u>25,629</u>
<u>9</u>	<u>19,720</u>	<u>23,763</u>	<u>27,807</u>
<u>10</u>	<u>21,493</u>	<u>25,859</u>	<u>30,224</u>
<u>11</u>	<u>23,437</u>	<u>28,235</u>	<u>33,033</u>
<u>12</u>	<u>25,596</u>		<u>36,225</u>
		<u>30,910</u>	
<u>13</u>	<u>27,949</u>	<u>33,838</u>	<u>39,727</u>
<u>14</u>	<u>30,566</u>	<u>37,092</u>	<u>43,617</u>
<u>15</u>	<u>33,460</u>	<u>40,705</u>	<u>47,951</u>
<u>16</u>	<u>36,693</u>	<u>44,754</u>	<u>52,814</u>
<u>17</u>	<u>40,321</u>	<u>49,294</u>	<u>58,267</u>
<u>18</u>	<u>44,122</u>	<u>54,070</u>	<u>64,018</u>
<u>19</u>	<u>48,380</u>	<u>59,434</u>	<u>70,488</u>
<u>20</u>	<u>53,134</u>	<u>65,466</u>	<u>77,797</u>
<u>21</u>	<u>58,410</u>	<u>72,112</u>	<u>85,813</u>
<u>22</u>	<u>64,305</u>	<u>79,585</u>	<u>94,865</u>
<u>23</u>	<u>70,955</u>	<u>88,037</u>	<u>105,119</u>
<u>24</u>	<u>78,426</u>	<u>97,545</u>	<u>116,664</u>
<u>25</u>	<u>86,692</u>	<u>108,091</u>	<u>129,491"</u>

Section 5. Section 2-18-703, MCA, is amended to read:

"2-18-703. Contributions. (1) Each agency, as defined in 2-18-601, and the state compensation insurance fund shall contribute the amount specified in this section toward the group benefits cost.

(2) For employees defined in 2-18-701, and for members of the legislature, and for employees of the Montana university system, the employer contribution for group benefits is ~~\$440~~ \$460 a month for the period from July ~~2003~~ 2005 through ~~June 2004~~ December 2005, \$506 a month for the period from January 2006 through December 2006, and ~~\$460~~ \$557 a month for the period from July 2004 through June 2005 January 2007 and for each succeeding month. For employees of the Montana university system, the employer contribution for group benefits is \$506 a month for the period from July 2005 through June 2006 and \$557 a month for July 2006 and for each succeeding month. If a state employee is terminated to achieve a reduction in force, the continuation of contributions for group benefits beyond the termination date is subject to negotiation under 39-31-305. Permanent part-time, seasonal part-time, and temporary part-time employees who are regularly scheduled to work less than 20 hours a week are not eligible for the group benefit contribution. An employee who elects not to be covered by a state-sponsored group benefit plan may not receive the state contribution. A portion of the employer contribution for group benefits may be applied to an employee's costs for participation in Part B of medicare under Title XVIII of the Social Security Act, as amended, if the state group benefit plan is the secondary payer and medicare the primary payer.

(3) For employees of elementary and high school districts and of local government units, the employer's premium contributions may exceed but may not be less than \$10 a month. Subject to the public hearing requirement provided in 2-9-212(2)(b), the increase in a local government's property tax levy for premium contributions for group benefits beyond the amount of contributions in effect on the first day of the last fiscal year is not subject to the mill levy calculation limitation provided for in 15-10-420.

(4) Unused employer contributions for any state employee must be transferred to an account established for this purpose by the department of administration and upon transfer may be used to offset losses occurring to the group of which the employee is eligible to be a member.

(5) Unused employer contributions for any government employee may be transferred to an account established for this purpose by a self-insured government and upon transfer may be used to offset losses occurring to the group of which the employee is eligible to be a member or to increase the reserves of the group.

(6) The laws prohibiting discrimination on the basis of marital status in Title 49 do not prohibit bona fide group insurance plans from providing greater or additional contributions for insurance benefits to employees with dependents than to employees without dependents or with fewer dependents."

Section 6. Appropriation. (1) The following money for the indicated fiscal years is appropriated to the listed agencies, from the designated state fund, to implement the adjustments provided for in 2-18-303:

Fiscal Year 2006				
	General Fund	State Special	Federal Special	Proprietary
Legislative Branch				
	\$209,282	\$18,179	\$0	\$0
Consumer Council				
	0	11,734	0	0
Judicial Branch				
	599,262		2,033	0
		23,565		
Executive Branch				
	5,613,599	5,553,930	3,644,273	138,263
University System				
	3,820,187	0	125,024	0
Total	\$10,242,330	\$5,607,408	\$3,771,330	\$138,263

Fiscal Year 2007				
	General Fund	State Special	Federal Special	Proprietary
Legislative Branch				
	\$538,330	\$46,934	\$0	\$0
Consumer Council				
	0	30,024	0	0
Judicial Branch				
	1,547,500	59,996	5,282	0
Executive Branch				
	14,700,424	14,466,134	9,491,019	361,653
University System				
	9,007,001	0	293,720	0
Total	\$25,793,255	\$14,603,088	\$9,790,021	\$361,653

(2) The following money is appropriated for the biennium to the office of budget and program planning, from the designated state fund, to be distributed to agencies when personnel vacancies do not occur, retirement costs exceed agency resources, or other contingencies arise:

Fiscal Year 2006			
General Fund	State Special	Federal Special	Proprietary
Personal Services Contingency			
\$1,500,000	\$2,400,000	\$500,000	\$100,000

(3) The following money is appropriated for the biennium to the department of administration for a labor-management training initiative:

Fiscal Year 2006	
	General Fund
Other Funds	
Labor-Management Training Initiative	\$ 75,000

Section 7. Repealer. Sections 2-18-313 and 2-18-315, MCA, are repealed.

Section 8. Effective date. [This act] is effective July 1, 2005.

- END -

I hereby certify that the within bill,
HB 0447, originated in the House.

Chief Clerk of the House

Speaker of the House

Signed this _____ day
of _____, 2005.

President of the Senate

Signed this _____ day
of _____, 2005.

HOUSE BILL NO. 447

INTRODUCED BY GALLIK, BECKER, BERGREN, BRANAE, BUZZAS, CAFERRO, CALLAHAN, CAMPBELL, CLARK, COHENOUR, DICKENSON, DOWELL, DRISCOLL, EATON, FACEY, FRANKLIN, FUREY, GALVIN-HALCRO, GOLIE, GRINDE, GROESBECK, GUTSCHE, HAMILTON, HARRIS, HENRY, HINER, JACOBSON, JAYNE, JENT, JOPEK, JUNEAU, KAUFMANN, KEANE, LENHART, LINDEEN, MATTHEWS, MCALPIN, MUSGROVE, NOONAN, PARKER, RASER, SESSO, SMALL-EASTMAN, VILLA, WANZENRIED, WILSON, WINDHAM, WINDY BOY, WISEMAN, BIXBY

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